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TAGS: [PARM](#) [PREL](#) [MNUC](#) [KNNP](#) [CH](#) [KN](#) [KS](#) [JA](#)  
SUBJECT: KOREAN RESPONSE TO NUCLEAR TEST: AMBASSADOR'S  
MEETING WITH FM BAN AND OTHER DEVELOPMENTS

REF: STATE 166404

Classified By: AMB. ALEXANDER VERSHBOW. REASONS 1.4 (b/d)  
11. (S) SUMMARY: The South Korean government's response to North Korea's October 9, 2006 announcement that it had conducted a successful nuclear test included a pledge by FM Ban for swift, sure and strong action, beginning with suspension of a scheduled shipment of emergency relief aid to the North, but including full support for UNSC actions, inclusive of Chapter VII. Ban argued we should do nothing to escalate tensions on the Peninsula, but agreed the UNSC should deliver a strong and unified message. In separate conversations with the Ambassador, National Security Advisor Song Min-soon agreed we needed to respond calmly, that no daylight should be shown between the U.S. and ROK responses, and that firm measures are needed. He said Seoul would be reviewing its entire inter-Korean engagement policy and said he did not think the ROK would have any problem with a Chapter VII UNSC resolution. Both officials, as well as MOFAT's Director General for Nuclear Affairs Lee Yong-jon (in a separate meeting with the DCM) raised the question of whether or not the seemingly low-yield test had been successful. FM Ban also gave the Ambassador a readout on the October 9 summit Roh-Abe summit. Ban said it had been a good meeting, focused mainly on the news of the North Korean nuclear test, but one that addressed contentious historical issues in what Ban described as a calm manner. Ban worried, however, the Japanese may overreact to the nuclear test, as he claims they did during the July 2006 DPRK missile launches. Ban called the possibility that the North Korean nuclear test might reopen the nuclear debate in Japan a "nightmarish scenario." In addition to a strong ROKG statement on the test (para 17), the opposition GNP also issued a strong message in response to the test (para 15).  
END SUMMARY.

ROK RESPONSE TO DPRK NUCLEAR TEST

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¶2. (C) The Ambassador met on the afternoon of October 9 with Foreign Minister Ban Ki-moon. Ban pledged "very swift, very sure, and very strong action" by the South Korean government in response to indications that the DPRK had conducted a nuclear test. Ban informed the Ambassador that the first action by the ROKG would be the "temporary suspension" of a scheduled shipment of emergency relief aid to North Korea, referring to a South Korean vessel that had been scheduled to depart October 10 carrying 4,000 tons of concrete to help with flood aid relief. In addition, Ban said the ROKG would fully support anticipated actions by the United Nations Security Council to employ strict nonproliferation measures against the DPRK. Ban said he felt it important not to do anything that would escalate tensions on the Korean Peninsula, but that "we should otherwise deliver as strong a message as we can."

¶3. (C) Referring to two "very good" phone calls he had earlier in the day with the Secretary, Ban said he agreed with her that we must show a united front at the UNSC. The Ambassador agreed, stressing that it was important to show the world that no daylight exists between the U.S. and ROK position on this very serious development. We will want to move quickly toward a UNSC Resolution authorizing an appropriate Chapter VII response, the Ambassador said, as our most pressing concern is to prevent North Korea from trafficking in materials for WMD. In addition to UN action, we should do that by working more closely together through the Proliferation Security Initiative (PSI) as well as through other important nonproliferation mechanisms. When he pressed the Foreign Minister to comment on whether the ROK's full support for UNSC action included support for a Chapter VII response, Ban replied that the ROKG "expects the members

of the Security Council will discuss action under Chapter VII."

¶4. (C) Asked by the Ambassador what changes the ROKG would make in its own policy toward the North, Ban replied that before announcing any additional measures, President Roh intended to convene a high-level domestic political discussion that would include lunch on October 10 with all the former living presidents of the ROK, followed by a gathering of the heads of all the major political parties (ruling and opposition) in South Korea. "He (President Roh) wants to confer with them in order to have a coordinated position and opinion," Ban explained. However, as President Roh told the President during their September 14 summit meeting in Washington, the ROK considers a nuclear test by North Korea to be absolutely unacceptable, Ban stressed, adding that by doing so, the DPRK has breached its commitment to the Korean people and to all the world that the Korean Peninsula should remain denuclearized. As a result, the ROKG will now have to review the whole inter-Korean relationship, Ban concluded.

¶5. (C) Praising the strong October 9 statement issued by President Roh Moo-hyun's office (text at para 17), the Ambassador asked Ban to clarify whether the ROKG believed that North Korea's actions had in fact "nullified" the 1991 Joint Declaration on the Denuclearization of the Korean Peninsula (as translated in some versions of the text but not in others). No, Ban replied, the ROKG position is that the DPRK has "violated" the Joint Declaration; "we do not say it has been nullified."

¶6. (C) Ban commented that the DPRK had used "salami tactics" for the past 15 years, but that a nuclear test meant that they had reached the end of the salami. He wondered aloud what they could do next, and discussed with the Ambassador the possibility that they might decide to demonstrate their nuclear capabilities again with further nuclear tests or test launches of their means of delivery, such as another Taepodong-2 missile test.

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17. (S) The Ambassador also spoke twice during the day with National Security Advisor Song Min-soon. Song (previewing themes that President Roh Moo-hyun later used in his press conference) said we needed to respond firmly but calmly to the North Korean test. He agreed that it was important that there be no daylight between the U.S. and ROK responses, and that firm measures were needed. Song confirmed that Seoul would be reviewing its entire inter-Korean engagement policy and said he did not think the ROK would have any problem with a Chapter VII UNSC resolution. While we would still want to pursue a negotiated solution to the North Korean nuclear issue, this was not the time to discuss measures to restart the Six Party Talks, in his view.

18. (S) Song was also very interested in U.S. and Korean experts' analysis of the test. He noted that the first reports from Korean intelligence suggested a yield of 500 tons or less, raising the question of whether or not the test had been successful.

FM BAN ON JAPAN-ROK SUMMIT  
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19. (C) Turning to the two-hour summit meeting that had taken place earlier in the day between President Roh and Japanese Prime Minister Shinzo Abe, Ban reported that it had been a very good meeting. He said Roh had been cordial to Abe and had conducted the meeting in a "very controlled and calm manner," and that Abe had listened intently. The North

Korean issue had taken up a significant portion of their discussion. PM Abe had called the North Korean action "unacceptable" and had called for a firm stance in response. Following the meeting, the Japanese side had pushed for the release of a strong joint Japan-ROK statement on the test, but the ROKG resisted that because it felt that because other countries are involved with, and concerned by, the North Korean action, the "world's statement" is best left to the UNSC to make. Ban revealed, however, that negotiations were still underway for the release of a joint press statement describing the overall content of the summit meeting. (The Korean draft included pledges made by Abe during the summit meeting to help resolve historical disputes.) We will report septel on the Roh-Abe discussions.

110. (C) Referring to a conference call he had participated in earlier in the day with the Secretary and Japanese Foreign Minister Taro Aso, Ban said he appreciated the Secretary's efforts to dissuade Aso from making statements that could escalate the situation. It was important to avoid a repetition of what happened after the July missile launches, when Japanese leaders caused an uproar in Korea. Asked if he thought the DPRK test would prompt a nuclear debate in Japan, Ban said that would be "a nightmarish scenario" for South Korea, then pondered aloud if perhaps the DPRK intended by its actions to create greater uncertainty in the region. He opined that Pyongyang may also now elect to call for denuclearization talks with the United States as a nuclear state. The Ambassador reminded Ban that the USG will not accept the DPRK as a nuclear weapons state and that a very tough road thus lay ahead as a result of today's troubling development.

MOFAT WORKING-LEVEL SUPPORT FOR TOUGH REACTION  
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111. (C) In a meeting three hours before the Ambassador's meeting with Ban, DCM and A/POL met with MOFAT Director General for Nuclear Affairs Lee Yong-jon, who said that the ROKG was still seeking additional information to conclude that a nuclear test had in fact occurred. The strength of the seismic event, he noted, appeared weaker than expected for such a test. Lee added, however, that the ROKG assumption was that there had been a test. He stated that the ROKG fully supported USG positions outlined in reftel on next steps by the UNSC, as Foreign Minister Ban had made

clear in a just-completed phone call with Secretary Rice and Japanese Foreign Minister Aso.

¶12. (SBU) Lee provided the text (para 14) of a ROKG non-paper responding to reftel, saying that the language had been approved by the ROKG interagency process over the weekend, before Monday's nuclear test. Hence, the part of the statement referring to the importance of dissuading the DPRK from testing had been overtaken by events.

¶13. (C) The DCM noted that Washington had paid close attention to the ROKG proposal for a joint U.S.-ROK approach to the DPRK to dissuade it from testing and to persuade the DPRK to return to Six-Party Talks. The nuclear test, however, had cut off that alternative. What was important now was that the U.S. and the ROK be as closely aligned as possible in a strong and unequivocal response to the DPRK nuclear test. Lee reiterated the ROK's support for the U.S. position on UNSC action.

¶14. (SBU) Text of ROKG non-paper responding to reftel:

BEGIN TEXT: "In response to the US proposal forwarded to us on October 6 which contains elements to be incorporate in a UN Security Council resolution in the event that North Korea conducts a nuclear test, we find the elements to be reasonable in light of the gravity of the threat that North

Korea's nuclear test would present to regional and international peace and security.

In this regard, we would like to emphasize that, under the current circumstances, it is imperative to concentrate our combined diplomatic resources on dissuading North Korea from actually conducting a nuclear test. A response can never be as good as prevention, particularly when it comes to nuclear testing. No matter how strong and effective our response may be to the actual test, it would not be enough to repair all the damage to the foundations of peace and security in the region and beyond to be caused by North Korea's nuclear test.

Therefore, we reiterate the urgency of finalizing and presenting to North Korea a ROK-US joint proposal for the resumption of the Six-Party Talks on the basis of the common understanding between our two Presidents reached at the September 14 summit meeting. In this context, we look forward to a positive and expeditious response from the US." End text.

OPPOSITION GNP STATEMENT

¶15. (SBU) With television news in Korea today focused on whether a successful nuclear test had taken place, as well as on Prime Minister Abe's visit, POLOFFS found our contacts at the National Assembly and in various think tanks not yet prepared to recommend next steps. However, the opposition Grand National Party released the following strong statement recommending cessation of the North-South engagement policy, halting of Kaesong Industrial Complex and Mt. Kumgang, and resignation of President Roh's cabinet:

BEGIN TEXT: "Grand National Party's Position Regarding North Korea's Nuclear Test

-- The enforcement of North Korea's nuclear test showed to the whole world through action their will for nuclear armament. We cannot but be shocked.

-- This is a serious and grave provocative act destroying peace and stability on the Korean peninsula, East Asia, and furthermore, the world. This is a challenge to the world's people desiring peace. In particular, the blow that the ROK and the ROK people will suffer due to North Korea's nuclear armament is unimaginable. This is the road for hastening the nation's common destruction.

-- Regarding North Korea's provocative act, the UN Security

Council should take proper measures of carrying out rapid and grave sanctions in accordance with Article Seven of the UN Charter and the world's peace-loving people should cooperate with this.

-- The decisive act of nuclear armament by North Korea is due to the Roh Moo-hyun Government's give-away one-sided policy and rupture in the ROK-US-Japan cooperation. Also, President Roh Moo-hyun should take responsibility. The president should apologize before the people for the result brought about due to the wrong policy and the entire Cabinet should resign.

-- We also ask the government to take the following measures:

- 1. To officially declare abandonment of the policy of engagement toward North Korea.
- 2. To declare that the 1991 Joint Declaration on the Denuclearization of the Korean Peninsula is null and void.
- 3. To take corresponding measures to North Korea's nuclear arming.
- 4. To immediately halt discussions on transfer of wartime operational control.
- 5. To immediately suspend the Mt. Kumgang tours, assistance for the Kaesong Industrial Complex, and other related projects and immediately suspend even humanitarian assistance if it cannot be monitored.
- 6. To sincerely implement the UN Security Council resolution (1695) and quickly recover and normalize the ROK-US-Japan cooperation system." End text.

#### FINANCIAL MARKETS TAKE A HIT

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¶16. (SBU) Korean financial markets reacted strongly to the news of the test. The benchmark KOSPI (Korea Composite Stock Price Index) declined by as much as 3.6 percent - prompting a temporary suspension of trading -- before recovering somewhat to close the day down 2.4 percent. The financial press is reporting that institutional and retail selling was offset by foreign buying. The (more volatile) KOSDAQ technology index closed the day down 8.2 percent. The Korean won fell by 1.5 percent against the dollar to 963.9 won/USD. All of the major business organizations (Federation of Korean Industries, Korean Chamber of Commerce and Industries, Korea Employers' Federation, Korea International Trade Association) issued statements denouncing the nuclear test. The longer-term economic impact is not clear. Post understands Deputy Prime Minister (and Finance Minister) Kwon held an economic cabinet meeting this afternoon to review the likeliest scenarios and discuss possible responses. While there is certainly great concern about the potential impact on Korea's financial and foreign exchange markets, and the prospects of capital flight, some here both in government and the financial community believe the political risk was already priced into local equities, and that once the financial community has time to digest today's developments, current depressed stock prices may actually be viewed as a buying opportunity. Much of market sentiment will be driven by how the international reaction to the test unfolds in the coming days.

#### ROKG OCTOBER 9 STATEMENT ON DPRK NUCLEAR TEST

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¶17. (U) BEGIN TEXT (as translated on MOFAT homepage): "On October 9, the Korean Government detected signs suspected of a nuclear test in the Hamgyongbuk-do (province) region in North Korea, and the President presided over an emergency meeting of the security related ministers in the morning. While the meeting was going on, North Korea announced that it had successfully conducted a nuclear test, and the meeting was turned into a National Security Council meeting accordingly. The Government has decided to make public its official stance as follows.

- 1. Despite the repeated warnings from the ROK Government and the international community, North Korea announced that

it conducted a nuclear test today. The Government will resolutely respond to the situation in accordance with the principle that it will not tolerate North Korea,s possession of nuclear weapons.

-- 2. This action taken by North Korea poses a grave threat that undermines stability and peace on the Korean Peninsula as well as in Northeast Asia. It is also an act of trampling on the hope of the international community to resolve the North Korean nuclear issue peacefully through dialogue in its quest for the denuclearization of the Korean Peninsula.

-- 3. North Korea,s conduct also constitutes a failure to meet its obligations under the September 19, 2005 Joint Statement, on which all parties of the Six-Party Talks concurred, and is in outright defiance of the UN Security Council Resolution 1695 adopted earlier on July 15. This is a provocative act that can never be condoned.

-- 4. At the same time, through this act, North Korea has unilaterally breached and annulled the Joint Declaration of the Denuclearization of the Korean Peninsula that it signed with the Republic of Korea in 1991. We hereby make it clear

once again that North Korea is solely responsible for any consequences arising from this situation, including the impact on inter-Korea relations.

-- 5. We urge North Korea to immediately abandon any nuclear weapons and related programs, to return to the Nuclear Nonproliferation Treaty (NPT) system, and to faithfully comply with international norms as a responsible member of the international community.

-- 6. Based on the ROK-U.S. alliance, our Armed Forces are fully prepared and equipped to thwart any provocation from North Korea. We warn the North to have a forthright recognition of this fact and refrain from making a misjudgment under any circumstances.

-- 7. The Government is closely consulting with the international community concerning this matter and supports, in particular, the immediate discussion of this issue by the UN Security Council. At the same time, the Government will seek broad views on the situation from the leaders of the ruling and opposition parties as well as the opinion leaders. It will continue to coordinate countermeasures domestically and internationally and take actions in cool-headed and resolute manner." End text.

VERSHBOW